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U.S. Department of
Homeland Security

United States
Coast Guard



Commandant
United States Coast Guard

2100 Second Street, S.W.
Washington, DC 20593-0001
Staff Symbol: G-MSO-2
Phone: (202) 267-0225
Fax: (202) 267-4570
Email: ddcstle@comdt.uscg.mil

16613
December 2, 2003

Mr. Larry D. Jensen
Manager Regulatory
Shell US Gas & Power
Suite 700
1301 McKinney
Houston, TX 77010

DEC 3 2003
USCG-2004-16860-14

Dear Mr. Jensen:

This letter is to acknowledge Shell's Gulf Landing Deepwater Port License application of November 3, 2003. In addition to our internal review, the Gulf Landing application was reviewed by the Minerals Management Service (MMS), NOAA Fisheries and EPA to determine its completeness for processing in accordance with the Deepwater Port Act. As discussed with you on November 24, 2003, the application has been determined to be incomplete. However, your team should not consider this to mean that the application was of substandard quality. As mentioned in the comments forwarded from the other agencies, this was, in many ways, an excellent application. Based on the recommendations from the three federal agencies and our review, the following concerns need to be addressed prior to deeming the application complete.

NOAA expressed concern that the environmental review data, while containing qualitative data for the Northern Gulf of Mexico, is not applicable for the specific site proposed for the location of the deepwater port. Moreover, the NOAA regional office in Baton Rouge, LA, considers it essential that you quantify the entrainment mortality of eggs and larvae of marine fishery species, as accurately as possible, at the proposed port sites. NOAA would prefer that you provide depth-specific data on the densities of fish eggs and larvae at each site; however, we appreciate the realities that this information may have to be obtained over a considerable period of time (i.e., at least one year). In order to address this issue, it is recommended that your environmental staff examine the NOAA Sea Map data set, which may contain much of the pertinent information required to complete your environmental review. With regard to depth-specific data, you may address this issue by indicating what information is readily available, providing some qualitative discussion of the issue and problems associated with timely collection of such data, and proposing to obtain information as part of an environmental monitoring program.

In terms of application completeness, we require, at this time, environmental review data equivalent in detail to what you have already provided, but specifically focused on the project site. We can work with NOAA Fisheries to address any long-term study that may be required and could be incorporated into an environmental monitoring program.

Both MMS and NOAA have requested that if you intend to operate an onshore support facility, for such activities as port administration or vessel operations, you must identify the geographic location (i.e., city/town and country/parish) for each proposed site and potential impacts. Following our discussions on November 25th, we have found that the information on proposed facilities in Volume II, Environmental Review (Public) of your application partially satisfies this matter and is sufficient for application completeness.

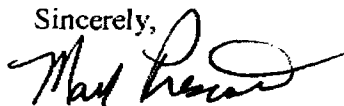
However, you have not selected a fabrication site and alternative sites at this time and the potential impacts of the fabrication site will require some sort of environmental analysis. We assume that you wish us to complete a generic survey of potential environmental impacts for purposes of the EIS and supplement it with site specific analysis when you know the exact location for fabrication. If you do not provide information and analysis of the fabrication site as part of this application, we would have to complete such an evaluation as a condition in a license, should one be issued for this port. The significance of the impact the facility will have in the affected area will determine what level of supplemental environmental analysis will be required. For example, any expansion or major alteration to an existing site will most likely require an EIS to be conducted. To avoid segmentation of the EIS process, which is prohibited under NEPA, the environmental review of onshore sites must be conducted as a "connected action" to the review of the offshore site. Should you choose the supplemental approach, it will result in some time delay for initiating construction at such facilities after the issuance of the license.

Lastly, all the comments received from MMS, NOAA and EPA, regarding the application are provided as enclosures to this letter. Although reconciliation of outstanding items is not a condition for completeness, we request that you review and prepare responses to each comment requiring corrective action. Needless to say, this will not be the last of our questions. After your application is complete, we will certainly have many more questions as we study and analyze your proposed action. We look forward to working with you to understand the operation in sufficient level of detail to make certain that the final decision is a wise and fair one.

Despite the request for additional information above, I would like to take the opportunity to laud you and your staff for the excellent job you have all done in the preparation of your deepwater port application. I do not believe the information requested will result in any undue delay in deeming the application complete.

If you have any questions or concerns regarding these matters, please don't hesitate to contact CDR Mark Prescott at Coast Guard Headquarters (202) 267-0225, and Mr. Keith Lesnick at the Maritime Administration (202) 366-1624.

Sincerely,



MARK PRESCOTT

Commander, U. S. Coast Guard
Chief, Vessel and Facility Operating
Standards Division
By direction

Enclosures: (1) MMS e-mail received 18 NOV 03
(2) NOAA e-mail received 18 NOV 03
(3) EPA e-mail received 18 NOV 03

Copy: Keith Lesnick, MARAD